

PART 1 – ANNUAL BUDGET

Section 1 - Mayoral Report

In terms of Section 16 (2) of the Municipal Financial Management Act (Act 56 Of 2003), it is my privilege to table the 2017/18 to 2019/2020 Medium Term Revenue and Expenditure Framework (MTREF) to Council.

As this Budget constitutes the proposed financial plan for the next three years, it naturally impacts on the community as a whole and it is thus extremely important to consult the community in a bid to create awareness and to gain support for joint ownership and responsibility in managing the municipality's financial affairs.

As part of Council's ongoing commitment to stabilise the Nama Khoi Municipality the following key aspects have been identified:

- Explore alternative sources of income as well as improving our revenue collection to improve our ability to service our Bulk Accounts.
- During the new Financial Year the Council together with Administration will embark on a Debtors Audit.
- Regular Budget Steering Committee meetings to ensure that Council play its oversight role effectively.
- The Adoption of a Credible Organogram that talks to the needs of the Municipality and address Service Delivery challenges.
- Acquisition of a new Municipal Fleet to improve Service Delivery.
- That Council should consider taking up a loan to assist in addressing our service delivery backlogs or directly approach investors to assist us with these challenges
- The Adoption of a Financial Turn around Strategy.
- No new appointments will be made in this Financial Year except for identified critical vacancies that will improve service delivery.
- The management and control of overtime and S&T.
- Possible restructuring to ensure Financial Viability and to keep our Salary Bill within Acceptable Levels.
- The Possible outsourcing of certain services that is too expensive to render ourselves.
- Although all our services will increase by 6.4% except for electricity and water and only a 4% increase on Property Rates.

The Nama Khoi Municipality's strategic objectives of service delivery include the continuation of an acceptable level of services, as well as improvement in those areas still in need of development. It remains a priority of the council to contain service delivery within the affordability levels of the community whilst focussing on the following strategic areas:

- The Development of a Nama Khoi Growth and Development Strategy to stimulate Economic Growth and Job Creation.
- Financial Stability
- Good Governance
- Good quality Municipal Services

Like as in the rest of the Country we have not escaped the downturn in the economy, which has had a considerable influence to not only our disposable income levels in our area, but has further lowered the level of unemployment and growth prospects. The effects of continuously rising costs in inputs such as fuel and electricity amongst other with the increase in our expenditure have culminated in increased costs to provide basic services, making the achievement of service delivery so much more difficult.

The pressures currently facing the Municipality are as follow:

- Higher Levels of expenditure than revenue received.
- High Level of debt outstanding.
- Low debt collection.
- Increased pressure on the repairs and maintenance budget due to ageing infrastructure and the vehicle fleet, as well as inherited service delivery backlogs to be eradicated.
- Registering of Projects.
- The infrastructure needs are enormous; the challenge is to balance the developmental demands for services with the available resources to our disposal.
- Inability to meet our obligation to pay our top 5 creditors within 30 days.
- The municipality's ability to service landfill sites.

Taking all of the above into consideration, I submit to you the following estimated expenditure, summarised as follows:

TYPE	2017/18 (000)	2018/19 (000)	2019/20 (000)
Operating Expenditure	290 746	306 394	323 900
Capital Expenditure	18 274	18 380	34 019
TOTAL	309 020	324 774	357 919

The increase in tariffs and service charges, in the main are influenced by the following, but not limited to the items below, over which council have little or no control over:

- Salary Increases excluding a further annual notch increase and other employee benefit increases such as housing subsidies, medical aid contributions, ect as determined by the National Bargaining Council.
- An Increase in the Bulk purchase price for water.
- The Already approved increase in Eskom's Bulk Purchase price for electricity.
- Compulsory statutory provisions for devaluation of assets and bad debt.
- Service Delivery Challenges
- Spending on Repair and Maintenance
- The socio economic conditions and consumer profiles of our communities.

IT IS RECOMMENDED TO COUNCIL:

1. That the annual operating budget and capital budget of Nama Khoi Municipality as contained be approved and adopted.
2. That the Nama Khoi Municipality's Integrated Development plan 2017/2022 be approved and adopted.
3. That the 3 year capital budget of Nama Khoi Municipality for the 2017/18 financial year; and the indicative two projected outer years 2018/19 and 2019/20, be approved.
4. That the budget and all other budget related policies be approved.

A handwritten signature in black ink, appearing to read 'Dabe', with a large, stylized loop at the beginning.

14-06-2017